



HOUSING THE  
**NEXT**  
GENERATION

2014 NAA STUDENT HOUSING  
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# Driving Outperformance

Ensuring Success with Revenue Management

Keith Dunkin, YieldStar

# Session Agenda

- What is Revenue Management
- Revenue Management for Student Housing
- How does Revenue Management work
- Operational Best Practices (Discussion)



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# Revenue Management

- Balances supply and demand via price
- Considers internal dynamics and the competitive marketplace
- Can be leveraged to offer flexible leasing
- Provides enhanced operational controls
- Delivers critical decision support
- Facilitates collaboration among operations



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# Revenue Management Today

- Initiated in multifamily in the early 2000's
- Leveraged across 30% of conventional
- Utilized consistently across multiple markets and individual market cycles
- Deployed in Student Housing since 2009



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# Revenue Management For Student

- Designed specifically for Student Living
- Provides by the bed or unit pricing
- Recognizes the annual lease up
- Price centrally but leverage on site expertise
- Deployed in partnership with leading institutional investors, management providers and owner operators



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# Bedroom Level Pricing

**FROM**  
**WHERE?**  
**MAGNITUDE**

Up or Down?

Benchmark

How Much?

1. Upcoming Availability (vacant, on notice, expiring leases)
2. Anticipated renewal conversion rate
3. Forecasted demand (seasonally adjusted, shape not volume)
4. Recent leasing velocity (relative to expectation)
5. Effective rents achieved on most recent applications
6. Where your prices fall vs. the comps
7. Understanding of your typical position to your comps
8. Market movement (are rates at comps going up or down?)



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# Bedroom Level Pricing

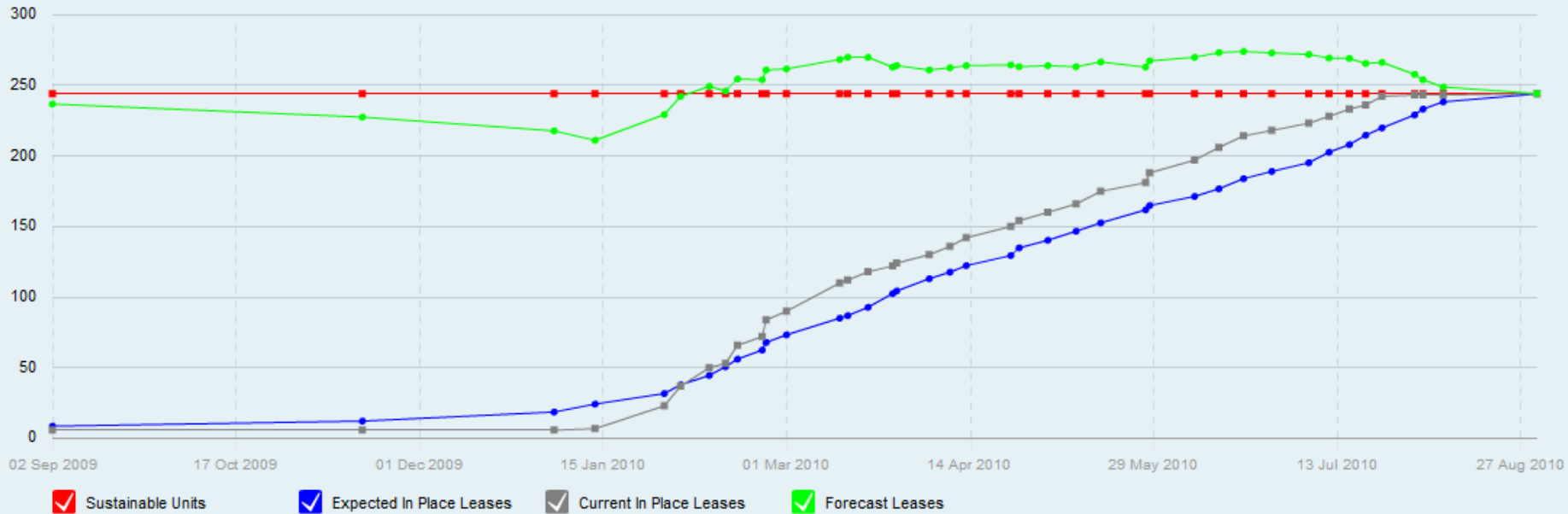
YieldStar Client– San Marcos Four Bedroom / Four Bath  
2010 Demand Forecast Chart



## Demand Forecast

San Marcos - 4B4B-SM4B4B - 2010

Select Year ▾



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# Bedroom Level Pricing

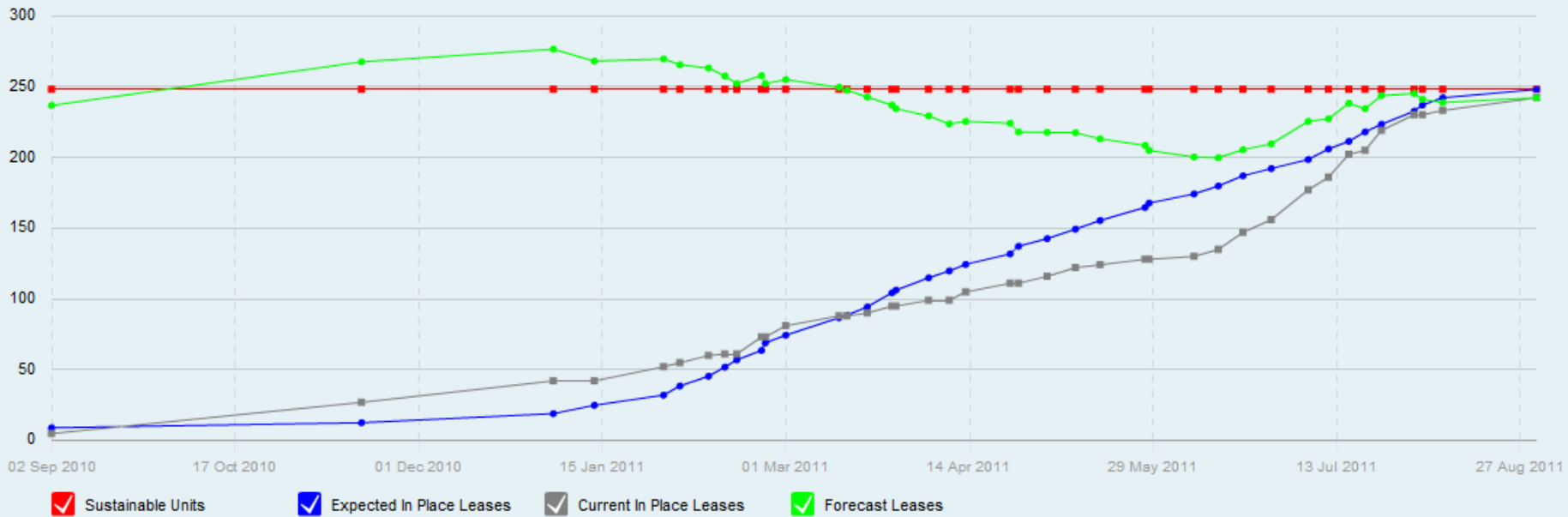
## YieldStar Client– San Marcos Four Bedroom / Four Bath 2011 Demand Forecast Chart



### Demand Forecast

1-San Marcos - 4B4B-SM4B4B - 2011

Select Year ▾



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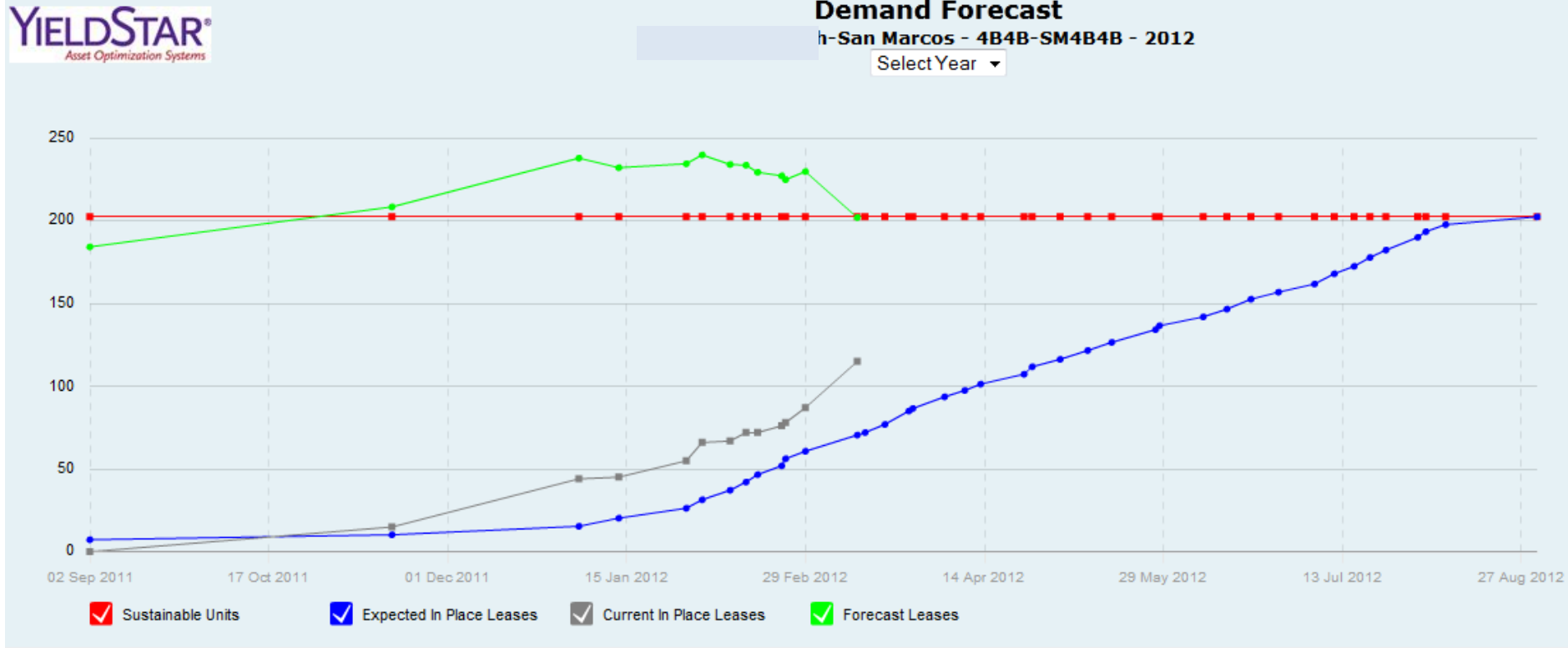
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# Bedroom Level Pricing

## YieldStar Client– San Marcos Four Bedroom / Four Bath 2012 Demand Forecast Chart



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# Bedroom Level Pricing

How the tool utilizes the competitive data:

- Starts with your market survey, Operations approves the comps
- Dynamically calibrates elasticity for each bedroom type by:
  - Reading each lease and lease application for your asset
  - Determining the effective rent (net of all appropriate concessions)
  - Comparing the effective rent you achieve to the top and bottom of the competitive range for your selected competitors. Of note, the top and the bottom is a blending of multiple unit types to protect against “bad data”
  - The tool assigned a price position for each lease and aggregates to form an elasticity curve to truly define the price/demand relationship



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# Operational Insight



“The ability to evaluate the long term effects of a pricing decision with revenue management really important to Campus Advantage. When the system makes a pricing recommendation, it will project for you the financial impact to your lease up.

For example, if the system recommends a rate increase of \$5.00 on a certain unit type, it will project the potential revenue increase of accepting that rate. Conversely, it might tell you to drop rents by \$5.00 but predict that rate change will yield more leases and thus more revenue.”

“Using Revenue Management on our Student Housing assets has been key to maximizing revenues”  
**Jennifer Cassidy, VP Campus Advantage**

Dashboard - Filter

View:  Recommendation  Executive

Community: Cabana Beach-San Marcos Display: Details Lease: All Leases FloorPlan: Display

Community	Post Date	End Date	Days Left	Capacity			Current			Recommended Forecast			Current Offered Eff			Recommendations						
				Actual Units	Sustainable %	Units	Leases	Occ	Leases	Occ	Leases	Occ	Chg	Date	Rent	%	Recommended Eff Rent	%	Change Rent	Revenue AA	Recent Avg Eff Rent	%
<b>Summary</b>				744	98%	727	385	52%	715	96%	727	98%		\$506	\$524		\$120,417	\$505				
<b>Cabana Beach-San Marcos</b>	26-Mar	31-Aug	158	744	98%	727	385	52%	715	96%	727	98%	12	\$506	\$524	\$18	\$120,417	\$505				
<b>New Leases</b>	26-Mar	31-Aug	158	744	66%	488	196	40%	476	98%	488	100%	12	\$505	\$517	\$12	\$105,681	\$505				
1B1B-SM1B1B	26-Mar	31-Aug	158	24	62%	15	7	47%	15	100%	15	100%	0	10-Mar \$709	0%	\$744	11%	\$35	\$3,448	0	\$710	0%
2B2B-SM2B2B	26-Mar	31-Aug	158	240	63%	151	30	20%	139	92%	151	100%	12	10-Mar \$538	22%	\$522	10%	(\$16)	\$54,751	0	\$537	21%
3B3B-SM3B3B	26-Mar	31-Aug	158	144	67%	97	45	46%	97	100%	97	100%	0	10-Mar \$504	28%	\$529	55%	\$25	\$15,852	0	\$505	29%
4B4B-SM4B4B	26-Mar	31-Aug	158	336	67%	225	114	51%	225	100%	225	100%	0	10-Mar \$470	29%	\$493	45%	\$23	\$31,630	0	\$470	29%
<b>Renewals</b>	26-Mar	31-Aug	158	744	32%	239	189	79%	239	100%	239	100%	0	\$508	\$533	\$25	\$14,736	\$507				
1B1B-SM1B1B	26-Mar	31-Aug	158	24	33%	8	7	88%	8	100%	8	100%	0	10-Mar \$709	0%	\$744	11%	\$35	\$420	0	\$709	0%
2B2B-SM2B2B	26-Mar	31-Aug	158	240	35%	84	68	81%	84	100%	84	100%	0	10-Mar \$538	22%	\$584	41%	\$26	\$4,992	0	\$536	20%
3B3B-SM3B3B	26-Mar	31-Aug	158	144	30%	43	34	79%	43	100%	43	100%	0	10-Mar \$504	28%	\$529	55%	\$25	\$2,700	0	\$490	14%
4B4B-SM4B4B	26-Mar	31-Aug	158	336	31%	104	80	77%	104	100%	104	100%	0	10-Mar \$470	29%	\$493	45%	\$23	\$6,624	0	\$474	32%



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# Operational Insight

v3.9.0

Dashboard Alerts Offered Rates Pricing Review Unit Rates Reports Charts Controls Configuration Competitors Lease Audit

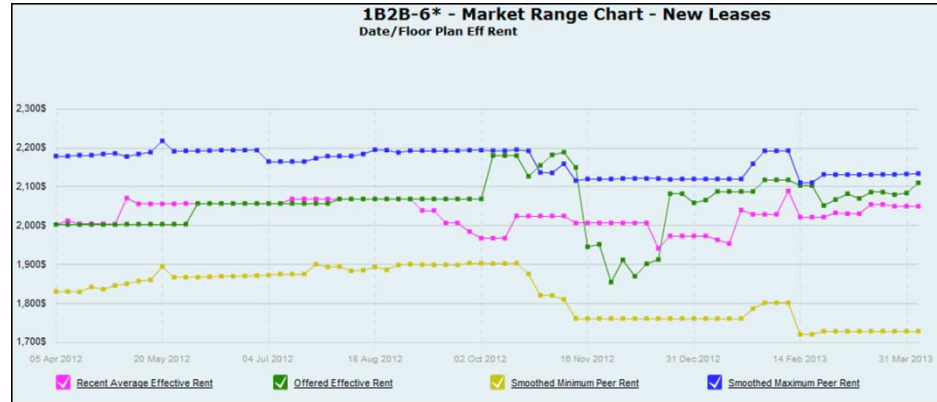
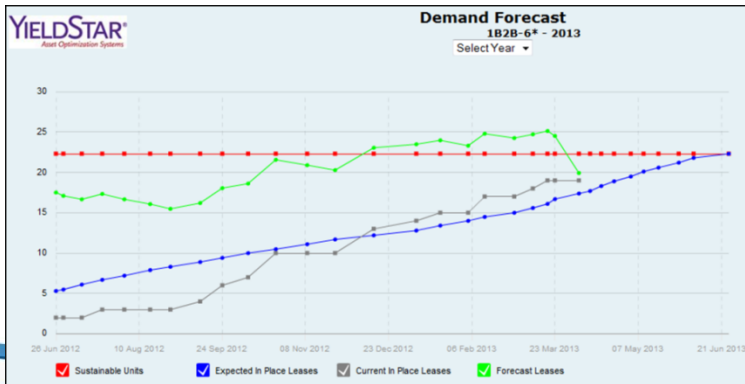
## Property Details Supervisor View

Community:  Rate Type:  Post Date: 03/04/2013  
 End Date: 05/27/2013 Days Left: 84

Review Rates Accept Rates Export Type:  Export Supervisor Save Layout

Property Information		Property Statistics									In Place			Forecast						Recent Avg Eff				Yesterday																	
Floor Plan	Total Units	Occ Units	% Occup	% Leased	Sustainable Capacity	Rate Type Cap	Capacity Units	Available Units	Vacant	ON	TBD	Units	% of Capacity	MTM	Leases Needed	Yesterday Shortfall	% of Capacity	Shortfall at Rec	% of Capacity	Lease Change	Rent	Last Lease Date	Mkt Pos	28 Day % Change	Rent	Mkt Pos	Date of Last Change														
<a href="#">1B1B-A2A3*</a>	45	44	98%	96%	94%	36%	16	2	1	1	8	12	75%	0	4	0	0%	0	0%	0	\$1,196	02/28/2013	90%	-1%	\$1,189	88%	03/02/2013														
<a href="#">1B1B - Cabernet*</a>	10	9	90%	80%	94%	60%	6	2	1	1	1	4	67%	0	2	0	0%	0	0%	0	\$1,276	10/02/2012	92%	0%	\$1,240	85%	03/02/2013														
<a href="#">1B1B - Luxury</a>	76	72	95%	91%	95%	48%	37	7	4	3	6	30	81%	0	7	0	0%	0	0%	0	\$1,116	02/17/2013	70%	0%	\$1,156	80%	03/03/2013														
<a href="#">1B1B - Merlot</a>	5	4	80%	100%	94%	66%	3	0	0	0	1	3	100%	0	0	0	0%	0	0%	0	\$1,314	02/19/2013	89%	4%	\$1,332	93%	03/04/2013														
<a href="#">2B2B-B1</a>	53	49	92%	91%	95%	51%	27	5	1	4	3	24	89%	1	3	0	0%	0	0%	0	\$1,236	03/02/2013	63%	-4%	\$1,358	89%	03/03/2013														
<a href="#">2B2B-B2</a>	30	29	97%	97%	95%	24%	7	1	1	0	4	7	100%	1	0	0	0%	0	0%	0	\$1,328	11/27/2012	48%	0%	\$1,529	93%	03/01/2013														
1		111																																							
219		207		95%		92%		95%		96			17		8		9		23		80		37%		2		16		0		0%		0		0%		\$1,194		\$1,256		

Review Rates Accept Rates Export Type:  Export Supervisor Save Layout



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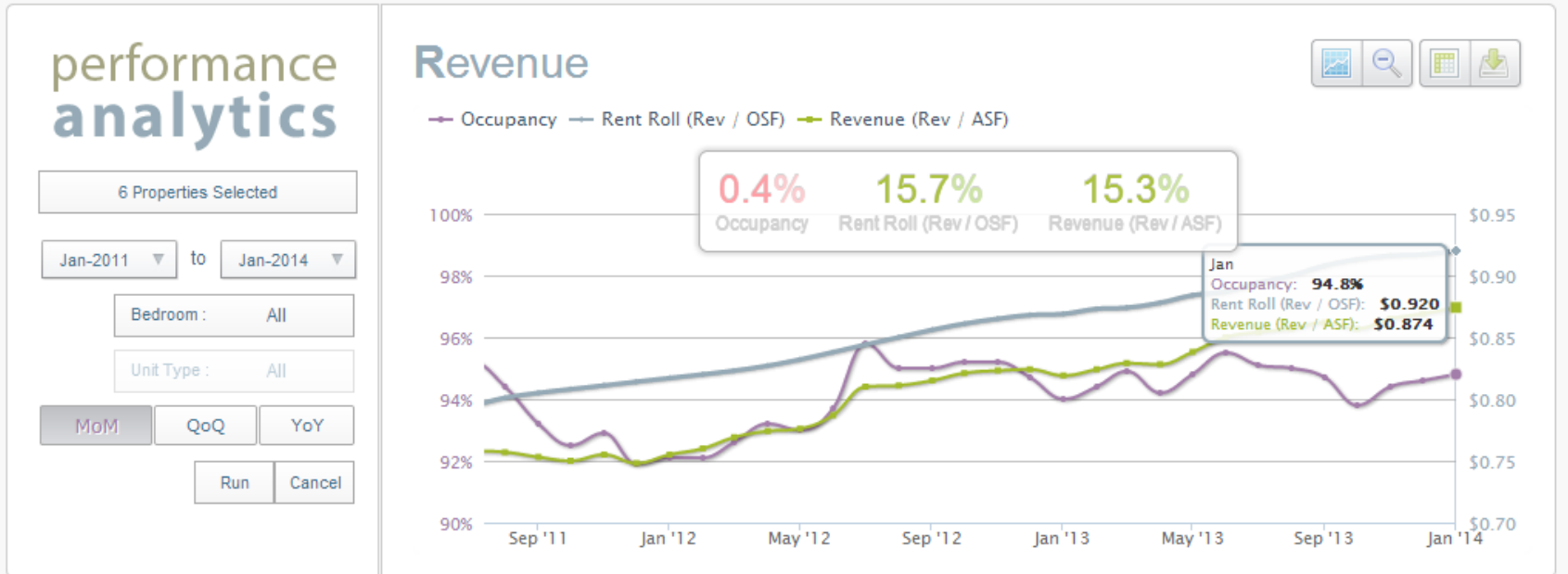
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# Operational Insight

YSA-DEMO:351:2014-01-03\_17-29-43



<h4>Revenue</h4> <p>chart / data</p> <p><b>0.5%</b></p> <p>value \$0.869                  Revenue (Rev / ASF)</p>	<h4>Rent</h4> <p>chart / data</p> <p><b>2.6%</b></p> <p>value \$1.03                  New Lease Rent PSF</p>	<h4>Occupancy</h4> <p>chart / data</p> <p><b>0.2%</b></p> <p>value 94.6%                  Occupancy</p>	<h4>Trade Out</h4> <p>chart / data</p> <p><b>4.4%</b></p> <p>value 5.3%                  New Lease Rate Change</p>	<h4>Ren Conv</h4> <p>chart / data</p> <p><b>7%</b></p> <p>value 44.4%                  Renewal Conversion</p>
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# Operational Insight

YSA-DEMO:351:2014-01-03\_17-29-43

## performance analytics

6 Properties Selected

Jan-2011 to Jan-2014

Bedroom: All

Unit Type: All

MoM

QoQ

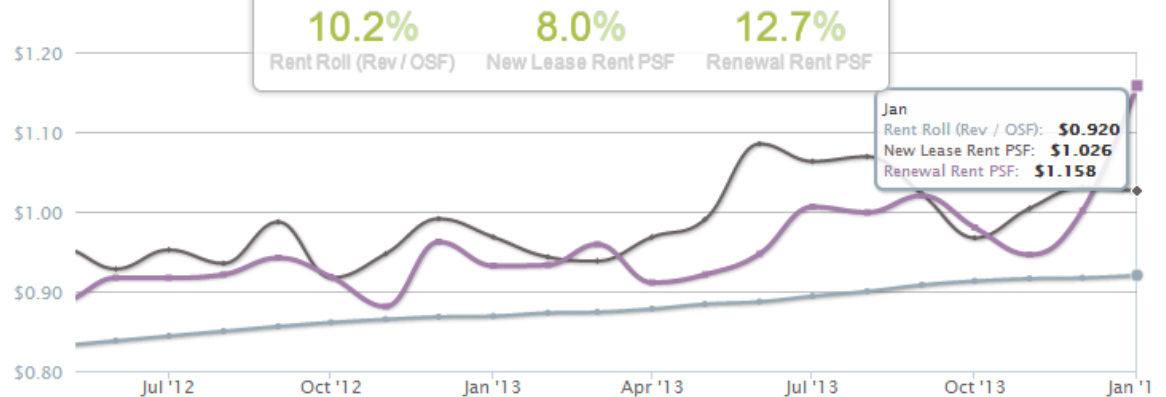
YoY

Run

Cancel

## Rent

Rent Roll (Rev / OSF) New Lease Rent PSF Renewal Rent PSF



### Revenue chart / data

0.5%

value \$0.869  
Revenue (Rev / ASF)



### Rent chart / data

2.6%

value \$1.03  
New Lease Rent PSF



### Occupancy chart / data

0.2%

value 94.6%  
Occupancy



### Trade Out chart / data

4.4%

value 5.3%  
New Lease Rate Change



### Ren Conv chart / data

7%

value 44.4%  
Renewal Conversion



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# Operational Insight

YSA-DEMO:351:2014-01-03\_17-29-43

## performance analytics

6 Properties Selected

Jan-2011 to Jan-2014

Bedroom: All

Unit Type: All

MoM QoQ YoY

Run Cancel

## Rent



	Jan-11	Feb-11	Mar-11	Q1'11	Apr-11	May-11	Jun-11	Q2'11	Jul-11	Aug-11	S
▼ New Leases											
▶ Executed Rent	\$803	\$799	\$818	\$809	\$897	\$834	\$901	\$863	\$844	\$880	
▼ New Lease Rent PSF	\$0.793	\$0.807	\$0.828	\$0.810	\$0.819	\$0.836	\$0.858	\$0.835	\$0.884	\$0.881	
▶ Smyrna 101964	\$0.663	\$0.650	\$0.643	\$0.648	\$0.662	\$0.668	\$0.777	\$0.677	\$0.660	\$0.684	
▼ Roswell 101986	\$0.499	\$0.526	\$0.555	\$0.531	\$0.586	\$0.595	\$0.600	\$0.593	\$0.627	\$0.572	
▶ 1-BR	\$0.590	\$0.543	\$0.612	\$0.566	\$0.651	\$0.658	\$0.679	\$0.661	\$0.670	\$0.575	
▼ 2-BR	\$0.451	\$0.500	\$0.527	\$0.497	\$0.537	\$0.550	\$0.555	\$0.547	\$0.605	\$0.568	
○ riwb1	\$0.546	\$0.518	\$0.521	\$0.523	\$0.524	\$0.617	\$0.568	\$0.550	\$0.634	N/A	
○ riwb2	\$0.423	\$0.487	\$0.553	\$0.471	\$0.559	\$0.521	\$0.548	\$0.544	\$0.555	\$0.568	
▶ 3-BR	N/A	N/A	\$0.521	\$0.521	N/A	N/A	N/A	N/A	N/A	N/A	
▶ Buckhead 10749:	\$0.836	\$0.832	\$0.857	\$0.841	\$0.802	\$0.845	\$0.869	\$0.840	\$0.879	\$0.929	

### Revenue chart / data

0.5%

value \$0.869  
 Revenue (Rev / ASF)



### Rent chart / data

2.6%

value \$1.03  
 New Lease Rent PSF



### Occupancy chart / data

0.2%

value 94.6%  
 Occupancy



### Trade Out chart / data

4.4%

value 5.3%  
 New Lease Rate Change



### Ren Conv chart / data

7%

value 44.4%  
 Renewal Conversion



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# Best Practices Discussion



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Thank you!